



## Port Authority may get more funding power

*Money could be used for Cobo, other plans*

By Michelle Martinez  
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Detroit development projects like an expanded **Cobo Center** or a bigger Motown museum could get the one thing they need to see the light of day — money.

Amendments to the Port Authority Act passed by the state House two weeks ago aim to extend the **Detroit/Wayne County Port Authority's** bonding authority well beyond marine applications.

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Seem farfetched? The **Cleveland-Cuyahoga Port Authority** used its bonding authority to help finance the **Rock and Roll Hall of Fame**, the **Cleveland Browns Stadium** and a **Cleveland Clinic** office building and garage. According to the Cleveland port's Web site, Cleveland area businesses have received about \$670 million in port financing for more than \$1 billion in community projects since 1993.

Port authorities in New York City and the Minnesota cities of St. Paul and Duluth also have used their bonding authority to spur regional economic development, said John Kerr, economic development director of the Detroit/Wayne County Port Authority. "This amendment will help us keep pace," Kerr said.

The port authority was created in 1978 to coordinate maritime activities over the waters and shoreline of Wayne County, including marine-related waterfront development. The new amendments, however, would give the port an expanded mandate: help spur regional economic development in downtown Detroit and beyond.

### About the authority

**What it does:** The **Detroit/Wayne County Port Authority** is charged with coordinating maritime activity in Wayne County and developing Detroit as a freight hub to boost regional and state economic growth.

**Who funds it:** The state of Michigan, Wayne County and the city of Detroit. **Annual budget:** \$1.2 million.

The port got its feet wet last year when it sealed a bonding deal for a \$43 million parking deck next to **General Motors Corp.'s Renaissance Center** headquarters. Completion of that project is expected in mid-2006.

But passage of the amendments would allow the port to "do unlimited economic development — housing, recreational space, hospitals, office buildings — any big project," said state Rep. Tupac Hunter, D-Detroit, the primary sponsor of the amendments.

The **Detroit Downtown Development Authority** and "the rest of the alphabet soup at the **Detroit Economic Growth Corp.**" are already important funding pots for Detroit development, said Derek Miller, chief administration officer for Mayor Kwame Kilpatrick and co-chair of the **Detroit Riverfront Conservancy**.

But the port authority's tax-exempt bonding authority brings something extra to the table, said Art Papapanos, vice president of the Detroit Economic Growth Corp. Revenue typically dictates the amount of service an authority such as the Detroit DDA can provide, Papapanos said.

"If we can add an entity that can provide tax-exempt financing to downtown, the riverfront, or the city — that's a definite plus," he said.

Kerr said the port's unlimited bonding authority means that project size doesn't matter, as long as the developer proves it can pay back the authority.

The port-issued bonds are paid from revenue from the project, whether from rent payments or taxes generated from the development, Kerr said, adding that they "are never a burden to city and county taxpayers."

City and county approvals would be required as well, he said.

GM could have financed the parking deck on its own, Kerr said. But because GM doesn't own the deck (it will be owned by Houston-based **Hines**, the building contractor) equity and debt obligations for the deck don't appear on GM's balance sheet. GM leases and operates the garage for use by its employees.

The port received an upfront development fee of about \$125,000, easing legal and advising costs. It also will receive an annual fee of about \$25,000 on the remaining principal to be paid, creating a new revenue stream for the port. The fee is typical for business development, Kerr said, but could be waived for community projects.

"We're not necessarily reinventing the wheel, but we shouldn't be turning down additional development resources in the Detroit metropolitan area," Kerr said. Kerr also said that the port plans to boost marketing of its financing programs, although he declined to name specific project possibilities.

The act's amendments have been sent to the state Senate Transportation Committee, where it is expected to be taken up in the coming weeks, Hunter said. They are tied to House Bill 5028, which aims to create a statewide port authority to spur development at Michigan's other ports.

Passage of that bill won't interfere with the Detroit/Wayne County port, Kerr said.